

AMENDED IN ASSEMBLY MAY 2, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1338

Introduced by Assembly Member Roger Hernández

February 18, 2011

~~An act to add Section 53085.5 to the Government Code, relating to local government. An act to add Section 33391.1 to the Health and Safety Code, relating to redevelopment.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1338, as amended, Roger Hernández. ~~Local government; economic development; financial assistance; Redevelopment.~~

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, in blighted areas in those communities known as project areas. Existing law authorizes an agency to, within a survey area or for purposes of development, purchase, lease, obtain, or acquire any real or personal property and to acquire real property by eminent domain.

This bill would require that on and after January 1, 2012, all real property purchased or otherwise acquired in exchange for financial remuneration by an agency pursuant to the above provisions be subject to an appraisal by a qualified independent appraiser to determine the fair market value of that property.

~~Existing law authorizes a local agency, as defined, to require an applicant for economic development loans, grants, or similar financial assistance to sign a statement under penalty of perjury that he or she has not been convicted of a felony.~~

~~This bill would require a local agency, as defined, that provides financial subsidies for economic development prior to paying out any financial subsidies to make a written finding that the financial subsidy is not a gift of public funds, and, if relevant, require the developer to provide a 3rd-party appraisal of the property based on the fair market value of the property. The bill would, if relevant, prohibit the local agency from providing more than 25% of the total financial subsidy until the developer can demonstrate that the project is ready to enter the construction phase, and no more than 50% of the total financial subsidy until the developer can demonstrate that at least 50% of the project, as proposed, has been completed. The bill would authorize the local agency to require the developer to return the financial subsidy if, after 2 years from approval, the project is not yet ready to enter the construction stage.~~

~~The bill would also state legislative findings and declarations that this issue is a statewide concern and not a municipal affair.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. Section 33391.1 is added to the Health and Safety~~
- 2 ~~Code, to read:~~
- 3 ~~33391.1. On and after January 1, 2012, all real property~~
- 4 ~~purchased or otherwise acquired in exchange for financial~~
- 5 ~~remuneration by an agency pursuant to Section 33391 shall be~~
- 6 ~~subject to an appraisal by a qualified independent appraiser to~~
- 7 ~~determine the fair market value of that property.~~
- 8 ~~SECTION 1. Section 53085.5 is added to the Government~~
- 9 ~~Code, to read:~~
- 10 ~~53085.5. (a) Any local agency that provides economic~~
- 11 ~~development loans, grants, or similar financial assistance, shall do~~
- 12 ~~all of the following:~~
- 13 ~~(1) Prior to providing any economic development loans, grants,~~
- 14 ~~or similar financial assistance, make a written determination that~~
- 15 ~~the subsidy is not a gift of public funds, as that term is used in~~
- 16 ~~Section 6 of Article XVI of the California Constitution.~~
- 17 ~~(2) In the case of assistance involving property acquisition, prior~~
- 18 ~~to providing any economic development loans, grants, or similar~~
- 19 ~~financial assistance, require the applicant to provide a third-party~~

1 appraisal of the property. The third-party appraiser shall use fair
2 market value to determine the value of the property.

3 ~~(3) In the case of assistance involving construction, provide no~~
4 ~~more than 25 percent of the total economic development loans,~~
5 ~~grants, or similar financial assistance to be provided until the~~
6 ~~applicant is able to demonstrate that the project is ready to enter~~
7 ~~the construction phase.~~

8 ~~(4) In the case of assistance involving construction, if the~~
9 ~~applicant has demonstrated that the project is ready to enter the~~
10 ~~construction phase and has received up to 25 percent of the total~~
11 ~~economic development loans, grants, or similar financial assistance,~~
12 ~~pursuant to paragraph (3), provide no more than 50 percent of the~~
13 ~~total economic development loans, grants, or similar financial~~
14 ~~assistance until the applicant can demonstrate that at least 50~~
15 ~~percent of the project, as proposed, has been completed.~~

16 ~~(5) In the case of assistance involving construction, if the~~
17 ~~applicant has demonstrated that at least 50 percent of the project,~~
18 ~~as proposed, has been completed and has received up to 50 percent~~
19 ~~of the total economic development loans, grants, or similar~~
20 ~~financial assistance, pursuant to paragraph (4), the local agency~~
21 ~~may provide the applicant the remaining portion of the total amount~~
22 ~~of the economic development loans, grants, or similar financial~~
23 ~~assistance.~~

24 ~~(b) In the case of assistance involving construction, if, after two~~
25 ~~years from the date of approval of the project and the economic~~
26 ~~development loans, grants, or similar financial assistance, the local~~
27 ~~agency determines that the project is not ready to enter the~~
28 ~~construction phase, pursuant to paragraph (3) of subdivision (a),~~
29 ~~the local agency may require the applicant to return the total~~
30 ~~financial subsidy that the developer has received to the local~~
31 ~~agency.~~

32 ~~(c) For purposes of this section, "local agency" means any city,~~
33 ~~county, city and county, district, special district, or redevelopment~~
34 ~~agency.~~

35 SEC. 2. ~~The Legislature finds and declares that responsible~~
36 ~~use of public funds is an issue of statewide concern and not a~~
37 ~~municipal affair as that term is used in Section 5 of Article XI of~~
38 ~~the California Constitution. Accordingly, it is the intent of the~~
39 ~~Legislature that Section 53085.5 of the Government Code applies~~

- 1 ~~to every city, county, and city and county in this state, including~~
- 2 ~~charter cities, charter counties, and charter city and counties.~~

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